

MOZAMBIQUE

Rural Markets Promotion Programme (PROMER)

Supervision report

Main report and appendices

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Abbreviations and acronyms

AMODER	<i>Associação Moçambicana para o Desenvolvimento Rural</i> Mozambican Association for Rural Development
AF	Additional Financing
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
ANE	<i>Administração Nacional de Estradas</i> National Administration of Roads
CAL	<i>Corredor Agro Limitada</i>
CBFI	Community Based Financial Institution
CN	Concept Note
DNC	<i>Direcção Nacional do Comercio</i> National Directorate for Commerce
DNEA	<i>Direcção Nacional de Extensão Agrária</i> National Directorate for Agrarian Extension
DNDR	<i>Direcção Nacional de Desenvolvimento Rural</i> National Directorate for the Promotion of Rural Development
DPA	<i>Direcção Provincial de Agricultura</i> Provincial Directorate of Agriculture
DPEC	<i>Direcção Provincial de Educação e Cultura</i> Provincial Directorate for Education and Culture
DUAT	<i>Direito do Uso e Aproveitamento da Terra</i> Land Certificate
EC	European Commission
EU	European Union
FARE	<i>Fundo de Apoio a Reabilitação da Economia</i> Support Fund for Economic Rehabilitation
FDD	<i>Fundo de Desenvolvimento Distrital</i> District Development Fund
FO	Farmers' Organisations
FONPA	<i>Forum Nacional de Produtores do Algodão</i> National Forum of Cotton Producers
GALS	Gender Action Learning System
ITC	Iniciativa Para Terras Comunitarias
KM	Knowledge Management
MAE	<i>Ministerio da Administração Estatal</i> Ministry of State Administration
M&E	Monitoring and Evaluation
MEL	<i>Matharia Empreendimentos Lda</i>
MIC	<i>Ministerio da Industria e Comércio</i> Ministry of Industry and Commerce
MITADER	<i>Ministerio da Terra, Ambiente e Desenvolvimento Rural</i> Ministry of Land, Environment and Rural Development
MZN	Metical
PAFIR	<i>Programa de Promoção de Mercados Rurais</i> Rural Markets Promotion Programme
PIP	Project Implementation Plan
PMT	Programme Management Team
PRONEA	National Agricultural Extension Programme
PROMER	Rural Markets Promotion Programme Value Chain
PROPAPA	Pro-Poor Production Action Plan
ProParcerias	Community Investor Partnership Project
PROSUL	Pro-Poor Value Chain Development in the Maputo and Limpopo Corridors
PSP	PRONE Support Project
SDAE	<i>Serviços Distritais das Actividades Económicas</i> District Services of Economic Affairs

SDPI	<i>Servico Distrital de Planeamento e Infra-Estruturas</i> District Services for Planning and Infrastructure
SIP	Strategic Investment Plan
SP	Service Provider
UNAC	<i>União Nacional de Camponeses</i> National Union of Small-scale Farmers
USD	United States Dollar
VC	Value Chain
VCAC	Value Chain Advisory Committee
VLSA	Villages Savings and Credit Associations
WA	Withdrawal Application

Aide memoire

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A. Introduction¹

1. The Rural Markets Promotion Programme (PROMER) aims at increasing small-scale farmers' incomes from agriculture by helping them market their surpluses more profitably. The programme became effective in April 2009, and had 4 original components: (i) developing more dynamic market intermediaries; (ii) enterprise-led value chain initiative; (iii) improving the market environment; and (iv) policy & institutional support and management.

2. In 2010 PROMER received additional EUR 0.9 million for roads and farmer association support from the European Union (EU) under the Framework Programme for the Food Production Action Plan (Pro-PAPA). In 2013, an Amendment to the IFAD Loan Agreement was signed to accommodate 11.3 million USD as additional funds from an EU grant, under the MDG 1c programme. Two additional components, Nutritional Education (component 5) and Institutional Support of National Directorate of Investment and Cooperation (component 6), and one subcomponent, Support to the development of community based financial services were introduced.

3. The programme additional financing was approved by the December 2015 IFAD Executive Board and is now expected to close in 2020.

4. A joint Supervision Mission took place in Mozambique from 25 July to 5 August 2016 to review the implementation status of PROMER, provide support for an effective implementation of Project activities, identify constraints and to agree on the possible solutions. In that respect, the Mission held briefing meetings in Nampula and Pemba, and has had working sessions with the PROMER PMT, the SPs and the DNDR staff in Pemba and Maputo.

5. The mission had constructive meetings with the Governor of Nampula and the Permanent Secretary of Cabo Delgado to discuss the IFAD investment in the two Provinces and the programme implementation. Furthermore, the mission had opportunity to meet and interact with the Programme Reference Groups of both Provinces, in addition to the encouraging discussions with Farmer Organizations, Associations, Service Providers, Provincial and District Authorities, as well as rural traders. The field visits also included road infrastructures, a school and a health unit working with PROMER on the implementation of the Nutrition Development Components.

B. Overall assessment of PROMER implementation

6. PROMER continues to record satisfactory progress on the ground. It is worth noting that the original design of the project was to complete and close in 2016. It is evident from the field that some of the activities have reached maturity and with the extended implementation period of an additional four years, this provided the project with opportunity to consolidate its achievements while introducing more innovations especially on technology and also expanding project services vertically to higher and more complex levels. This is particularly being true for Farmer Associations, traders and infrastructure developments. Nutrition activities – a new addition to the project – continue to show impressive promise for high impact results. Overall financial management and disbursements are also

¹ Mission composition: Robson Mutandi (Country Director/ Team Leader); Elizabeth Ssendiwa (Gender Specialist); Juliane Friedrich (Senior Technical Specialist, PTA/Nutrition Development Expert); Calisto Bias (Farmer Organizations Expert, Consultant); Jelle Tas (Value Chain Development Expert, Consultant); Guy Kemtsop (Rural Infrastructure Expert); Narciso Manhenje (Planning, M&E and KM Expert); Alaudio Chingotwane (Financial Management Expert, Consultant); Francesco Rubino (Land Tenure, Consultant). The mission was joined by the DNDR staff: Isabel Paulo Cossa (Head of the policy and programs); Halima Negrice (Head of M&E); Amina Lopes Guilamba (Technical Officer)

satisfactory. As reported in earlier missions, one of the keys to this positive progress is a strong and effective Programme Management Team (PMT). In addition, the financial flows Off-CUT also helps to facilitate speedy and more effective implementation. However, the project needs to move a notch higher with regard its knowledge management and learning, as well as reporting.

Agreed action	Responsibility	Agreed date
Explore possibility of producing more KM and learning products	PMT	Immediate and over the remaining project life ²
Explore avenues to enhance vertical growth of the project with increased complexity in outputs and outcomes	PMT	Immediate and over the remaining project life

C. Outputs and outcomes

7. The project has achieved an increase in value contracts between traders and the FOs, resulting in an increase of volumes of marketable produce. Furthermore, farmers have largely benefitted from the road rehabilitation that has guaranteed them more and regular access to markets. Capacity building reached 206 rural traders who have already been exposed to various training activities. PROMER assisted 500 FOs, with a total of 13,804 farmers (48% women) in 2016. 11 radio contracts have been signed and broadcasting of market information is currently ongoing in local languages and Portuguese through weekly bulletins. Under Component 4, 65 nutrition education sessions were held in the first semester of 2016, 10 of which in schools, with 48 FOs benefitting from cooking demonstrations, and kitchen gardens being activated in 40 FOs and 5 schools. Last, the visibility of the programme has largely increased, with stories from the field published in IFAD blogs, 8 articles published in national newspapers, 3 radio programmes and 1 TV spot broadcast, including nutrition success stories.

D. Programme implementation progress

Component 1: Developing More Dynamic Market Intermediaries

8. This mission rates the overall performance of this component as satisfactory.

Sub- component 1.1 - Support to Input and Output Traders

9. Following the baseline study and elaboration of implementation plans, service providers identified and selected rural traders to be supported by the program and initiated activities of capacity building in each of the three Project Blocks. As a result, a total of 206 rural traders have already been exposed to capacity building activities, of which 86 were selected during the first cycle in 2015 and the remaining 120 were selected during the second cycle in 2016.

10. In addition to formal training, service providers have been developing capacity building activities that are tailored to meet the needs and limitations of each of the selected rural traders, and the approaches used for this purpose include in-service training, coaching/mentoring, awareness and support for business legalization and registration of assets for their use as collateral for access to credit.

11. Service providers have also been promoting output market linkages between selected rural traders and farmers' organisations (FOs) that are beneficiaries of PROMER interventions. As a result, the selected rural traders are now playing an important role in the marketing of agricultural products of farmers and their organizations in the districts assisted by PROMER. In fact, not only has been a

² For all "immediate" actions, a chronogram of activities will be provided by DNDR/ PMT

tendency to increase formal contracts that rural traders sign with farmers' organizations to buy their produces, but there has also been a tendency to increase the volume of marketed agricultural products, which encourages farmers to increase production of their crops, as is the case of sesame.

12. As there is a range in the level of developmental stage of selected rural traders across the three blocks, there is the need to differentiate the type of interventions that are provided to emergent, small and medium-scale rural traders. While it is important to support medium-scale rural traders to their next level of the developmental stage which includes promotion of agro processing activities, it is recommended that the major intervention of PROMER continue to be focused on the support to emergent rural traders.

One major constraint that small-scale rural traders face is related to access to credit, and while some traders are able to access credit, it is still a challenge for many of them. In this regard, service providers could play a role in the promotion of linkages and negotiations with financial institutions in order to provide selected rural traders with preferential credits.

Sub- component 1.2 - Support to Farmer Organisations

13. There is satisfactory progress in the implementation of this sub-component. GAPI, OIKOS and the consortium SNV/OLIPA are providing services for the development of this subcomponent for Blocks A, B and C respectively. Results in the implementation of this sub-component show that PROMER has already met the target of assisting 500 FOs that in 2015 benefited a total of 14,023 farmers, 48% of whom were women. However, in 2016 there was a drop out of beneficiaries that decreased to a total of 13, 804 farmers. This decrease in the number of beneficiaries could be attributed to the involvement of farmers, amongst other reasons, in mining activities as suggested by a study commissioned by PROMER regarding devilement of FOs in the project areas.

14. Other important achievements in this subcomponent include literacy training that has already been provided to a cumulative total of 12,573 beneficiaries, 59% of whom are women, and promotion of market linkages that in 2015 resulted in the signature of 110 formal contracts between selected rural traders and 189 FOs, which directly benefited a total of 3,816 farmers. PROMER has also promoted the establishment and management of demonstration plots to empower farmers with knowledge and skills in order to increase the competitiveness of beneficiaries in the market.

15. Assistance and intensification of support to District Unions, Fora and Federations is also needed in order to strengthen their capacity to provide marketing services to their members and associations.

16. Provision of improved inputs (improved seeds, inorganic fertilizer and other agro-chemicals) to disseminate improved technologies through demonstration plots is also key to this sub-component. This type of activity is important as an incentive for farmers to use improved inputs, especially those inputs that the selected rural traders are marketing in their geographical area of activity, and the mission registered that these activities are already ongoing.

Agreed action	Responsibility	Agreed date
Develop negotiations with District Development Fund (FDD) to provide selected rural traders preferential credits	DNDR	Immediate & continuous
Accelerate support to rural traders to legalize their businesses and assets	PMT/ SPs	Ongoing & continuous
Finalize the proposal to provide FOs with incentives	PMT	October 2016
Develop selection criteria to support advanced farmers' associations and higher hierarchy level FOs with warehouses, cleaning and agro-processing facilities through matching grants for small-scale value addition using in kind contribution	PMT	December 2016

Component 2: Enterprise-led Value Chain Initiatives.

17. The Mission rates this component as moderately satisfactory.

18. Progress was made in finalizing the business case identification and concept note (CN) development process. With all CNs approved or in their final stage as with Morais Comercial, full focus can now be given to the Strategic Investment Plan (SIP) development and implementation. The target of three new SIPs finalized by end Q2 is experiencing delays. This delay is mainly attributed to the unsuccessful contracting of inclusive business advisors to support the SIP development. The Mission is pleased to note that the PMT has worked out a solution with two service providers, who will be used in the entire process of SIP development, therefore it is expected that the delay remains at 3 months if not less. It was agreed to finalize the current SIPs by mid-September and the Morais Comercial SIP by end of October. The cooperation and integration of the IFAD 4P project with PROMER is successful, with good operational working relations. Both sides of the cooperation could improve in being more proactive in addressing the tasks related to SIP finalization and implementation.

19. SIP development: Just before contract signing, Matharia Empreendimentos Lda (MEL) proposed a different approach for farmers included in the SIP. This was triggered partly by their previous experience with out-grower models and partly by a directive of the Nampula Provincial Government, indicating that farmers supported by MEL should produce within blocks to allow better service provision. PROMER assessed this new approach and concluded it was not feasible to implement the SIP under the new conditions and decided to cancel the SIP on 20 June 2016. This again shows that SIP development is not a linear process and is influenced by factors outside Project control. The CN/SIP pipeline stands at a total of six, equal to the Project target. Both PMT and SNV are confident that all these cases will be approved, so for now, there is no need to add other companies in the CN phase.

20. The Mission reviewed the OLAM and JFS SIPs, which are in their final stages of completion and provided detailed comments. In general, these SIPs are well detailed and written, but could be more concise and to the point, limiting the number of pages to the set maximum of 30. The key observations for both SIPs are: (i) these are public- private partnerships (3P) and not 4P partnerships. For a 4P partnership the description of the partnership, the partners, the joint value creation and impact needs to be detailed. In both SIPs the Producer profile is not sufficiently covered; (ii) a cost benefit analysis for all partners needs to be presented to assess the win-win partnership; and (iii) both SIPs invest in inputs with PROMER funds, and more detail is needed to understand: what these inputs are, the distribution and recovery plan, and the terms and conditions, preferably on an equal risk sharing basis. With 4 out of the 6 SIPs having an input supply component it is important to have this partnership aspect well detailed. It was agreed that these key elements will be incorporated in the current SIPs and SIP template. In the situation a SIP is not a 4P but a 3P it remains eligible for PROMER support.

21. SIP implementation: The key impact indicators are aligned between PROMER and 4P and included in the SIP template. With the first SIP implementation started, now it is time to define the roles and responsibilities for data collection. The Mission shared the final 4P Business and Partnership score card to be discussed and included in this data collection agreement. Furthermore, the roles of PROMER and SNV for the duration of the SIP Implementation need to be defined. ALIMI is experiencing delays in procurement, caused by presenting incorrect information. PROMER is bound to public procurement processes which are rigorous, lengthy and time-consuming, if not followed precisely. To limit delays in the procurement steps it was agreed to: (i) make a procurement checklist for the private sector partner, ensuring all necessary documentation will be presented; and (ii) to add an activity annex to the SIP, to speed up the procurement planning.

Agreed action	Responsibility	Agreed date
Finalize SIPs Ikuru, Cornelio and Morais	PMT/SNV	15 Sept. 2016
Include necessary information in SIPs and template	PMT/SNV	31 August 2016
Clarify data collection and SIP implementation roles and responsibilities	PMT/SNV	31 August 2016
Procurement checklist	PMT	September 2016

Component 3: Improving the Market Environment

22. This mission rates the performance of this component as satisfactory.

Sub- component 3.1 - Feeder road rehabilitation and market infrastructure

23. This mission rates the performance of this sub- component as satisfactory. Details of execution shall appear in the Technical Annex.

24. This mission also aimed at initiating the process of responding to issues raised by the QA including: i) conduct a more rigorous economic analysis of the justification to the upgrade of roads (and evaluate the required investment per km) and; ii) determine measures to obtain contributions from beneficiary farmers for the maintenance of roads. A series of meetings were held with staff members from the Project, district administration and road authorities. Informal discussions occurred with various beneficiaries along six visited roads (in four districts), regarding benefits gained from roads spot improved. The below issues arose from all these.

25. Criteria for selecting roads. Criteria used to select the roads for full rehabilitation are in line with Project objectives, hence, they fulfil basic requirements for an economic analysis. For spot repair works (phase 1 of the Project), criteria taken into account included: population density, link to existing road network and agricultural potential. For Phase 2 (AF design report), roads targeted for full rehabilitation are those that fulfil all criteria used in Phase 1. In addition, they are of great importance to the District and are likely to fall under the responsibility of ANE for future maintenance works (see final report).

26. Mapping. A map is needed by the Project as a tool to inform on existing outputs and outcomes at any time. This will reflect not only road activities (hubs, connexions, catchment areas, etc.) but also include activities of other components, as a synergy. The mission noted that ANE is already mapping rehabilitated roads. This is a basis to be taken forward by the Project, in order to produce more integrated and comprehensive maps (see final report). It is recommended that, in line with the AF PDR, the Project should hire a consultant to manage the whole mapping process. ANE should share its data on maps with PROMER to enable the project to update its own.

27. Road impact assessment. The implementation of a CBA for road rehabilitation is part of a broader impact assessment. However, other aspects of impact assessment should include the need to look at: all stakeholders involved in the process (service providers, beneficiaries, etc.), environmental aspects, socio cultural issues (behaviour, habits, etc.), safety and security, road conditions (unsealed, carriageway width and pavement condition) and technical characteristics, etc. This process will be done by a consultant to be recruited

28. Sustainability and exit strategy. As part of design documents for road rehabilitation, Project Engineers will produce a maintenance plan document for each road. This will be done taking into account the following among others: i) identification of existing threats that can hamper the physical condition of the road; ii) prescription of technical treatments (technology to use and implementation approach); iii) frequency of works. The existing MoU with ANE is to be updated, taking into account new roles and responsibilities defined by the AF PDR for the road rehabilitation process. MoUs with District administrations are newly designed, and will be formulated according to specificities of each district, especially for capacity building activities.

29. Cross-cutting issues. From discussions held with various stakeholders, PROMER and ProPesca have different approaches towards common partners (Districts administration, ANE, etc.), mainly in the area of capacity building and incentive to support implemented activities. Where possible and feasible, it is recommended that all IFAD funded Projects try to have a common and harmonised approach when dealing with common partners.

Sub- component 3.2 - Facilitating access to Finance

30. This mission rates the performance of this sub- component as satisfactory.

31. Matching Grants: two MoUs with FARE were signed in 2010 to promote and improve the access to financial services in PROMER districts. The collaboration with FARE contributed for the establishment of 4 institutions since 2012 in Chiure, Malema and Alto Molócue. In general, PROMER is facing difficulties in retrieving information from these institutions and in general, they are not targeting PROMER beneficiaries.

32. The PMT has decided in 2015 to reallocate the entire remaining budget for these interventions, including the Line of Credit (EUR 668.000), Guarantee (EUR 175.000) and Risk Mitigation Funds (EUR 390.000), to support other ongoing interventions with positive results such Nutrition, Rural Traders and ASCAs promotion.

33. FOs Access to Finance: The number of financial institutions in rural areas and the access of FOs to financial resources are limited, particularly for Agricultural Financing. Despite that the number of FOs who have benefited from the District Development Fund (FDD) is increasing due the support and linkage that the SPs are establishing. As a result, in 2015, a total of 8 FOs were financed with the total amount around MZN 2.8 million from FDD and MZN 0.2 million from a Financial Institution. It was agreed that through the district reference groups, the DNDR at Provincial level will lobby to have more associations supported by PROMER benefiting from the FDD.

34. The mission visited a district based institution MML Microcredit, which is owned by a former provincial coordinator of GAPI under PAMA. MML Microcredit is part of the success interventions of PAFIR which received support of Matching Grants and Credit Line. The actual portfolio is MZN 16.0 million of which 50% is for Agricultural Financing, to support FOs particularly operating in the cotton value chain, of which 38 FOs are PROMER supported associations in Montepuez, Balama, with a total investment of MZN 13.0 million between 2008 – 2014. During the last season 2015/2016, a total of 16 associations with a MZN 5 million investment was directed to PROMER supported associations. The mission noted that the OIKOS and PMC are not collaborating with this institution to increase the linkage of more associations and to regularly exchange information about the number of FOs supported. This fact is clear because this data is not being reported by this PMC.

35. ASCAs Promotion: The satisfactory performance of this intervention has continued since the last mission in all blocks. The remaining contract for the Block B service provider has already been finalized and is in the process of implementation in all districts. PROMER and IFAD have decided to extend the scope of interventions of OIKOS after negative outcomes of the second tender for this region.

36. UATAF started its operations in Block C in May 2014 and has created a total of 114 groups with 2.657 members (55% women) by end of March 2016. They have reached the contractual target of 114 groups. The Consortium GAPI/ICC is operating in Block A since June 2014, and has created 140 groups with 1.968 members (51% women) by the end of March 2016, this represents 80% of their contractual target of 175 groups. The Block B started its operations in November 2015, and from January to May 2016, around 10 of the 90 target groups were created. The outcomes are also good: UATAF groups have mobilized a cumulative amount of savings of almost MZN 0.5 million, and loans of about MZN 0.2 million. GAPI/ICC groups have been able to mobilize savings of around MZN 0.4 million and loans of about MZN 0.37 million. The average loan utilization rate is slightly higher in Block A compared to Block C.

37. The efficiency of the service provider is satisfactory in the case of UATAF that has reached more than 90% of the cumulative budget before the period. It was agreed that PROMER will analyse and discuss with the SPs the possibility to negotiate an extension of the contracts for an additional 1 year. It is worth noting that emphasis should be on the consolidation of existing groups and in particular on the strengthening of the promoters' association and certifications, with a limited number of new groups to be created.

38. Training and Supervision: The mission only visited the interventions in Block B, which started recently in the creation of Savings and Credit groups. However, when interacting with the SPs of the other Blocks, it was clear that they are using different approaches to train the SPs field officers, manuals and processes. The ICC/GAPI used the PCR coordinator to train the field officers, and are not yet using the local based promoters; OIKOS contracted a retainer based consultant to train their field officers and did not start with the training of promoters although this is envisaged; UATAF has contracted OPHAVELA, a local NGOs which was supported under PAFIR to train their field staff and the one Animators Association to give training to their animators. So far, according to the recent report of the PROMER retainer Financial Expert, UATAF groups are better trained and consolidated than ICC/GAPI groups.

39. In addition, due to budget limitation, in the case of ICC/GAPI and OIKOS, the same field officers that are supporting the implementation of main PROMER components, are also being used to promote PCR component. This poses a serious risk in the quality and sustainability of the groups, linked with the relatively weak training that this field officer and groups are receiving. According to the reports and the field visits, the groups are registering some basic procedural errors, books registration problems which should be corrected as soon as possible. In order to improve and harmonize, it was agreed that PROMER will hire OPHAVELA to provide training to PMU, PMC and Service providers on the Villages Savings and Credit Associations (VLSA) or PCRs methodology, best practices and PCR MIS (SIG) internationally used. In order to ensure proper monitoring, evaluation, follow up and sustainability of the PCR groups under creation, it was agreed that all PROMER service providers will explore the possibility of reporting their information using the MIS.

40. The utilization of community animators contributes to the reduction of cost per PCR member. For example, according to the PROMER financial expert, the cost per member in GAPI/ICC which is not using animators is USD 70.00 compared to UATAF USD 38.60. The experience also shows that the groups assisted by the animators have in general more quality and are more sustainable than those created by the SP field officers. Therefore, it was agreed that ICC/GAPI and OIKOS will follow the same approach as UATAF, and use an Associação de Animadores of OPHAVELA to provide training sessions to their animators.

41. Financial Expert: The Financial Expert was contracted in November 2015, but his support and expertise role was reduced only to PCRs interventions taking into account that the remaining products namely, Line of Credit, Risk Mitigation and Guarantee Funds were discontinued and the funds reallocated to other components and activities. The performance of the consultant during this period was not satisfactory, therefore the PMT should decide whether to keep or cancel this contract.

Sub- component 3.3 – Improving Market Transparency

42. This mission rates the performance of this sub- component as satisfactory.

43. PROMER is supporting Community Radios to broadcast market information on price, type of products, quantities, location and extension messages which are important for producers and traders. The Project has delivered positively on both agreed actions indicated in the last AM, with 11 contracts with community radios being finalized and the execution of training for radio staff in Niassa and Cabo Delgado.

44. The radio information is broadcasted in 4 local languages and Portuguese, through 4 to 8 monthly bulletins (15-20min). These sessions include interviews with selected traders and producers, and also with testimonials that describe how important the information received from the radio

platform has been in regard to improving the market linkages at district level, and on how it contributes to improve their business and general household income. Some FOs have reported that they have also been able to use the radio programs to directly sell their products to traders, informing on the availability of produce in their community/ locality.

45. The Project has also moved away from the initially indicated methodology of working the Grupo Editorial, as these were mainly reconnected to a voluntary participation, thereby yielding scarce results. PROMER has therefore decided to strengthen the capacity of radio broadcasters, who now directly procure the relevant market information, and work in close collaboration with their referent SDAE District officers.

46. The mission noted that PSP and PROMER work in 8 overlapping community radios, which have the objective of broadcasting the same type of messages in the PROMER districts. An initial contact has been made to establish partnerships between PROMER and PSP, but this linkage still appears to be weak, and the mission would therefore recommend to strengthen this partnership and the possibility of the two programmes working on harmonizing the messages and broadcasting time of their radio broadcasts

47. Last, the collaboration with MIC faced some delays, as the Project expressed its difficulty in finalizing the joint AWPB with MIC due to changes in the management of MIC. This plan has now been executed and is currently being implemented.

Agreed actions	Responsible	Date
Sign an Addendum to the current MOU with ANE	PMU	September 2016
Sign MoUs with District authorities and ANE	PMU	September 2016
Launch the mapping process of Project activities	PMU	September 2016
Hire OPHAVELA to provide training to PMU, PMC and Service providers	PMT	October 2016
Provide training sessions to GAPI/ICC and OIKOS animators	SPs	October 2016
Improve linkages with PSP on community radios	SPCU	September 2016

Component 4: Nutrition Promotion

48. This mission rates the performance of this component as satisfactory.

49. In summary, the number of people adopting improved food habits and recommended vegetable management practices is targeted at 3000 persons with 50% women having adopted recommended practices by the end of the programme.

50. Activities concentrated on two main target groups: Farmer Organisations and Schools. Three main nutrition activities were promoted: (i) nutrition education, (ii) cooking demonstrations and (iii) kitchen/vegetable gardens.

51. The progress of this component is satisfactory considering challenges in terms of staffing and mobility. Cooking demonstrations focused in particular on improved porridge, the complementary food for children 6-23 months and a very important element to address stunting. The participants of the trainings and nutrition education sessions have adopted the improved porridge and appreciate the better taste. Kitchen gardens have increased the accessibility of vegetables and thereby increased dietary diversity at household level as well.

52. By design, the nutrition component is rather a stand-alone activity. This is due to the fact that nutrition was not part of the initial design (it started as a top up by EU MDG 1c funding), started with significant delay, and the project missed a technical person responsible for nutrition in the PMU.

53. Based on a technical training workshop on nutrition, the financial and geographical expansion of the component will use an integrated approach applying a nutrition lens on existing activities and looking for particular entry points for nutrition. The experience from the stand-alone intervention as lessons learnt/best practices will guide the expansion to other provinces and districts.

Agreed action	Responsibility	Agreed date
Expansion of nutrition activities to be based on use an integrated approach	PMT	On going
Recruitment of Nutrition specialist to assist the PMT	PMT	March 2017

Component 5: Policy/ Institutional Support and Management

54. This component is rated as satisfactory.

Sub- component 5.1 – Knowledge Management (KM) and Coordination

55. This sub- component is rated as satisfactory.

56. KM and Learning: Following the agreement of the last mission, PROMER has improved its KM plan, with the integration of a clear objectives, expected results and timeframe. The detailed KM plan was shared and reviewed by the mission and it was designed taking into account the remaining period of the project (2016 – 2019). The planned activities are around the KML 5 main pillars, namely M&E, Information Management, Innovation and Experimentation, Communication and Learning and Adaptation. Among the pillars, it is envisaged to undertake impact surveys; socio economic analysis of the impact of the project in the households; documentation of experiences (stories from the field); thematic workshops to present and discuss the results of the impact studies; exchange visits between FOs and PMCs; and visibility materials. Some of these activities are ongoing and will be subject of further improvements in order to ensure Learning and Adaptation at all levels. It was agreed that a revised KM plan which includes the budget for each activity will be submitted to IFAD.

57. The visibility of the programme increased substantially since last mission. In addition to the 5 success stories from field published in IFAD social media platforms (2013 – 2014), and other DNPDR bulletins. In 2015 a video documentary about the programme and 1 story about the community radios were published in the IFAD blog. Apart from that, in collaboration with the IFAD – SPCU, guided visits with journalists to PROMER activities were carried out, and 8 articles were published in the main newspapers, 3 radio programmes and 1 TV spot was broadcasted. The mission commends these initiatives to improve the visibility of the programme, and reiterates the need for its intensification as some great outcomes and impact are now visible and should be captured and disseminated.

58. Reference Groups: PROMER uses its reference groups (district, province and national) as good policy dialogue forums on which the programme intervention and progress are planned, reviewed and analysed. These groups at District level are well structured and led by the Administrator once per quarter. This forum critically reviews and proposes the economic infrastructure to be rehabilitated (roads, markets), and the mission could confirm the ownership and awareness about the programme interventions, activities, results and impacts.

59. The role of this forum at all levels could be further improved, in order to help the programme and districts in areas that are struggling. This forum could be used as a platform to streamline and facilitate the process to access land certificates (DUATs) in line with the additional resources of PROMER; discuss the possible increase of the number of PROMER FOs receiving the FDD resources; analyse the performance of the Service Providers, their linkage with the district authorities and how the processes and knowledge are being captured or learnt by the district technicians, to ensure the sustainability of our interventions. Another important aspect is related to the effectiveness

and sustainability of this platform, a reflection about what is working, what is not working should be carried out, and this would include the reference groups of other IFAD supported projects, in order to draw lessons and guide the next projects designs.

60. KM in DNDR: The revised version of the DNDR KM plan was not submitted yet as agreed in the last mission. However, the mission noted that the detailed PROMER KM plan already includes DNDR-related activities, therefore it was agreed that during the budget provision process of the PROMER main KM plan, other not covered DNDR activities and budget should be included. The mission would like to commend the directorate for the DNDR Policy Brief brochure as part of their KM plan and reiterate the importance of this approach.

61. The Mission welcomes the initiative of holding a KM, 4P and M&E workshop, tentatively planned for in September. The Mission suggested to share the lessons learned in this workshop and invite other relevant IFAD programmes to participate. The Mission reviewed the CAL case study versions and provided comments, in general they are adequately detailed for both a non- and technical audience.

Sub- component 5.2 – Policy/ Institutional Support

62. This mission rates the performance of this sub- component as satisfactory.

63. This sub- component is showing signs of adding value to various institutional arrangements that the project is working with. For instance, the collaboration with MIC at national and Provincial level – though difficult- is proving to be bearing some results as evidenced by the various marketing strategies that are coming out from this engagement. Similarly, positively policy outcomes are emerging from ANE with regard to climate smart road rehabilitations. Similarly, the capacity building interventions with traders and Farmer Association, and ASCAs are also showing positive results.

Sub- component 5.3 – Programme Management

64. This mission rates the performance of this sub- component as satisfactory.

65. The project continues to be well-managed by an effective PMT.

66. M&E System: The PROMER system is improving continuously despite the diversity of programme components (6); and the multiplicity and heterogeneity of actors involved (6 Implementing Agencies, 10 long term service providers). The additional financing which was approved by the IFAD board in December 2015 and disbursement is expected to start within 2016. This will add the monitoring dimensions to focus on. An increase of Service Providers is expected due to the upcoming activities on Land Tenure, and overall programme targets. This will add pressure on the PMT, and become a challenge for the M&E officers at all levels and could affect the efficiency of data gathering process, quality and analytical reporting.

67. The contents, format and quality of Service Providers progress reports are not harmonized. The PMT developed a layout with the main information and indicators to be reported on a quarterly basis for each main component and a M&E guideline. The mission reviewed both proposals and found them well elaborated and in line with the project M&E and reporting system. The new templates will ensure that the progress data on the main project indicators will be collected using the same format at all PMC to feed the project logical framework. Training and backstopping sessions are envisaged for all officers involved in M&E (including SPs, PMCs and IAs) to ensure that the guidelines are followed and forms are correctly filled, so as to enable better quantitative, qualitative and sustainability analysis. Detailed comments, observations, and recommendations were provided by the mission in order to improve the layouts.

68. PROMER is increasing its focus on higher level results. Some assessments and Impact Studies on (i) Assessment of the FO graduation system, (ii) Assessment of the performance of Service Providers for FO and CBFIs were carried out, and for 2016 and 2017 other assessments will be carried out such as (iii) Assessment of the CAL Value Chain experience; (iv) Impact assessment of

roads rehabilitation; v) Impact assessment of the market information system; (v) Socio Economic analysis of the project impact at household level; (vi) Impact assessment of markets and fairs rehabilitations. It is expected that more qualitative information on the project progress, changes and impact in the community level will be available. In addition, through the full operation of all components and subcomponents it is expected that the outcomes and impact of PROMER activities will become more visible.

69. Database: the addition, increase and extension of project activities with the additional financing will affect the project Logframe indicators, outputs and targets. The database will also need some modifications in order to include new outputs and indicators. The mission expects that the PMT will be able to make modifications in the database to accommodate the eventual changes that will come from the additional financing.

70. The PMU Database is fully operational since 2014 and is synchronized with the PMCs. The database can be considered a complex and Hi-Tech system. Following an agreement of the 2015 mission, the M&E officer installed the database in each computer and trained the PMT officers individually to ensure that each has access to all required information in all project components through the database. Despite the installation of the database and individual training of the PMT staff, the available information is not yet being effectively used and analysed by other staff members. Parallel, a Low-Tech excel based database and templates are being used to plan, gather, process, analyse and report the data and are somehow working more efficiently. The database regularly update is still a challenge, a time consuming process for the M&E officers and currently the information is only used as a M&E platform to insert data, with some other information about the profile of the FOs and traders.

71. RIMS reporting: after the MTR, PROMER reported for the first time the 2014 RIMS level 2 indicators in March 2015 and the ratings for second level indicators were justified with the main information extracted from the database quantitative and qualitative indicators, progress reports, analytical review of the outcomes and observations from the field. The RIMS Level 2 reporting was generated from Outcomes register in the M&E database, and the ratings justified with supporting indicators, qualitative data and analysis. This represented a progress, taking into account the effort done to render the database operational and regularly updated.

72. The 2015 RIMS level 2 reported in March 2016 were adequate and well justified based on the supporting indicators, qualitative data and analysis. The rating for Level 2 result Likelihood of sustainability of roads constructed/rehabilitated moved from 5 (five) in 2014 to 4 (four) in 2015 and was not justified. The rating for the Level 2 result Effectiveness: improved access of the poor to financial services was zero (0), the same as the 2014 rating, while we have registered progress in the development of Savings and Credit groups in all blocks, more FO and traders are having access to financial services provided by the Government FDD and some financial institutions.

73. Reporting Calendar: The reporting calendar of IFAD and EU are now harmonized. The IFAD projects will continue follow the IFAD Code of Practices, and the EU accepted to review its calendar to allow the IFAD CO and SPCU to prepare and submit the AWPB, semi-annual and annual reports.

74. Annual Work Plan and Budget (AWPB) 2016: The implementation performance of the AWPB is satisfactory. In terms of physical progress, the majority of planned outputs were achieved in all components. The delayed components 2 (value chain) and 3.2 (access to finance) are now showing positive results. The financial performance of PROMER during the reporting period is USD 2,413,375 which represents 28.6% of the annual budget (USD 8,453,081).

75. The PROMER activities are already reflected in the DNDR PES (Plano Económico e Social) at National Level, but not at Provincial Level. In order to ensure that the activities, indicators, targets and budget are reflected at provincial PES to be monitored by the provincial governments, it was agreed that DNDR – PROMER will ensure that the annual budget is also reflected at provincial level.

Agreed action	Responsibility	Agreed date
Access the relevance and effectiveness of the database and decide if will use it as a management tool	PMT	November 2016
Submit a Revised KM plan which includes DNDR activities	PMT	September 2016
Lobby in order to assure that PROMER AWPB is reflected at provincial PES	DNDR-PMT	November 2016
Training to SPs, PMCs and IAs on the new M&E templates	PMT	November 2016

E. Fiduciary aspects

76. Financial management. The mission rates the overall assessment of Financial Management of PROMER as satisfactory. PROMER's organization and staffing have been consistently rated as adequate for the needs of the project. Review of quality of financial reports, accounting arrangements, quality of audit and disbursement of PROMER show that the project follows both GoM and IFAD guidelines on financial management. Bookkeeping and recordkeeping are also of high standard. However, some minor issues with internal control are still present.

77. Disbursement. As at 30 June 2016, PROMER is in its seventh year of implementation and current disbursement rate of the IFAD loan has reached 86.9% (total disbursement of SDR 16,601,583 against an allocation of SDR 19,100,000). PROMER's original closing was slated for 31 December 2016. However, the addition of EU funds in 2013 extended the project closing date to 31 December 2018. Considering that at the current rate of disbursement PROMER will exhaust all the available balance (SDR 2,498,417) by mid-2017, one and half years before current closure, the Mission rates the disbursement rate as moderately satisfactory. This analysis does not take into account the additional financing approved by IFAD in December 2015, due to the fact that the amended financing agreement is not effective yet.

78. As at 30 June 2016 disbursement of the EU funds reached EUR 4,645,168, or 55.7% of the original allocation (EUR 8.34 million). With a balance of EUR 3,649,832 to be disbursed, and the current rate of disbursement and execution of EU funds, PROMER should be able to exhaust the full allocation of the grant by programme completion in 2018.

79. Budget Execution of 2016 AWPB. As at 30 June 2016, execution of the 2016 AWPB reached 28.6% (USD 2,413,375) of the approved budget of USD 8,453,081. Execution of the IFAD loan reached 21.5% (USD 1,185,792 against a budget of USD 5,517,922). Execution of the EC grant reached 47.1% of the annual budget (EUR 1,385,939 against an allocation of EUR 2,943,562). At the current rate of budget execution, final execution will not go beyond 60% by year end.

80. Review of payment support documentation. The Mission carried out a random check of SOEs and the supporting documentation for expenditures claimed in WAs 28 and 29 for IFAD funds, as well as WAs 4, 5 and 6 for the EU grant. In general, no issues that could adversely affect implementation were found during the review. All expenditures reviewed were eligible, and in line with the approved AWPB. Some minor instances of deficiencies with internal control and procurement were detected.

81. Review of Procurement. As part of the review of procurement, the mission performed checks both at the PROMER headquarters, the IFAD Sub-Programme Coordination Unit (IFAD SPCU) at the Ministry of Economy and Finance as well as the PROMER offices in Pemba. Considering that all of the procurement for road contractors is carried out by the National Road Administration (ANE) the Mission also visited the ANE offices in Pemba. Overall, the mission rates compliance with procurement as moderately satisfactory. While procurement strictly follows IFAD guidelines at PROMER headquarters, the Mission found significant procurement deficiencies at the PROMER cell and ANE offices in Pemba as well as at the SPCU. Specifically, some instances were found whereby

the highest bidder has won a tender due to non-disclosed requirements influencing the decision process. In other instances, value for money was not followed, as minimum requirements for equipment was set to high for the actual needs of the project. Finally, and in the case of road works, in one instance, a procurement process in lots was not clear enough on how the final decision to award the contracts was taken. It was agreed that the next mission will conduct a review of procurement of ANE in another PROMER block. Additionally, PROMER should closely monitor procurement carried out by implementing partners in order to guarantee that they comply with IFAD Procurement guidelines.

82. Counterpart funds. The provision of counterpart funds is rated as moderately unsatisfactory. Up until June 2016 GoM, and considering the IFAD loan, GoM reimbursed VAT and taxes for a total amount of USD 312,997 against a total reimbursement request of USD 386,406. As such, the balance that must still be reimbursed by Government is USD 73,409. In the case of EU funds, total amount of VAT and taxes reimbursed is EUR 13,521 against a total reimbursable amount of EUR 19,642. The balance still to be reimbursed is EUR 6,122. The Mission reiterates that the provisions of the EC grant should not be used to pay taxes.

83. Globally, of the total GoM contribution as per the appraisal document of USD 4,285,000, total GoM contribution up to June 2016 is USD 934,740 (21.8%).

84. Compliance with loan covenants: The mission rates the compliance with loan covenants as moderately satisfactory. Section 3.04.b. of the financing agreement, which establishes that the borrower should replenish the counterpart funds annually in advance to cover exemptions for taxes and duties, has not been complied with. Additionally, section II, paragraph 6 of the loan and grant agreement (Tax Exemption) which specifies that the Borrower shall exempt the Fund Loan and Grant Proceeds from all import duties and VAT is being partially complied with. All other loan covenants are being complied with.

85. Audit. The Mission rates the timeliness and quality of audit as highly satisfactory. PROMER submitted the audit report a month before due date and the audit reports for both loan and grant agreement were unqualified. All issues presented in the management letters (related to internal control) were resolved during the audit exercise

86. As agreed in previous Missions, PROMER is closely following up the legal case started by the Government of Cabo Delgado in order to recover funds received by a supplier of motorcycles who failed to deliver the vehicles to the PROMER cell in Pemba (total value of contract USD 20,032). 50% of the amount has already been recovered by the Provincial Directorate of the Ministry of Agriculture. Failure to recover the remaining balance by the end of 2016 may render the expenditure ineligible, and refundable by GoM to IFAD.

Agreed action	Responsibility	Agreed date
Reimburse VAT and taxes paid with IFAD/EC fund	DNDR	December 2016
Follow-up on legal case for purchase of motorcycles in Cabo Delgado	PMT	December 2016
Monitor Procurement carried out by implementing partners	PMT	Continuous
Review ANE procurement in block B and C	IFAD	December 2016

F. Sustainability

87. The mission rates the programme's performance in regard to sustainability as satisfactory. PROMER was originally designed to close in 2016 and would have been in its final year of implementation, had there not been additional financing and amendment to the Financing Agreement. Thus the additional extended period gives the project the opportunity to consolidate its activities and begin to work on outcomes and impact fits interventions.

88. Regarding sustainability of the Project, the mission observed an increase in the ownership from an institutional point of view, as registered in a number of encounters with various District Administrators. Farmer Organizations continue progressing and many of them are doing so vertically into union and Fora structures. The mission observed notable impact also in the improved activities of traders. A good example encountered is Mr. Cornèlio Seta in the District of Balama, who has managed to rapidly increase his market share and agricultural commercialization, whilst also increasing his life quality and assets. He is therefore one of the traders that is now investing in more complex systems and becoming active players of the agri-business and processing (value addition) arena. In looking at the way forward, another positive aspect relates to the climate proofing of roads initiated in PROMER, and that has now become a mandatory policy requirement for all roads under ANE. In general, the majority of intervention in the project show signs of long term sustainability.

G. Other

Gender, Youth and Targeting.

89. The mission rates the programme's performance regarding gender, youth and targeting as satisfactory. The mission commends PROMER's efforts to mainstream gender in its activities and the renewed focus on youth. In fulfilment of a key MTR recommendation/agreed action, a gender audit/evaluation was commissioned to assess PROMER's progress in addressing gender and youth issues. The mission had an opportunity to review and provide inputs to the draft evaluation report and action plan. Furthermore, field visits offered the mission an opportunity to validate findings of the study and assess the feasibility of the draft action plan.

90. At appraisal, a minimum quota of female membership in the lower level farmers' association had been set at 30%. Currently, outreach to women under different activities is as follows: beneficiaries in Farmer group development – 49%; literacy training – 56%; Farmer associations with women in leadership positions – 73%; women participating in Savings groups – 53%; Women actively participating in nutrition promotion activities – 52.2%; Women signing marketing contracts with traders – 21% (in 2015). The mission observed women's limited participation in sub-component 1.1 (support to rural traders) as there is only one woman trader being supported. Several strategies were agreed upon to address this including: supporting the woman trader as a role model to encourage other women; support small scale female traders to reach the required selection criteria; and explore use of affirmative action/ positive discrimination to reach more women traders. The mission was pleased to note the high participation of young men as traders - at 52.3% (2014 baseline).

91. The challenge for PROMER is to ensure that women's high participation in most of the activities translate into their empowerment as well as improved livelihoods and quality of life. Findings from the gender audit indicate that this is usually hindered by cultural traditions in areas such as decision making, power relations, women's mobility, gender division of labour, access and control over assets and benefits - among others. To address this, and in line with the MTR's recommendations, it is agreed that PROMER will include the use of Gender Action Learning System (GALS) in its draft Gender and Youth Action Plan. GALS is one the most comprehensive of the Household Methodologies that has been championed by IFAD for enhanced gender equality and women's empowerment. There is a pool of trainers on this methodology within the region who can be called upon to conduct ToTs. Other strategies to combat gender stereotyping and to encourage youth participation in different activities will include: key messaging through radio programming (under sub-component 3.3); and use of theatre/drama. It is further agreed that PROMER will engage a consultant – on retainer basis, to support the implementation of the Gender and Youth action plan especially in areas of training and coaching. The first task will involve working with Service Providers to define their specific action plans based on the findings of the Gender Evaluation and draft Action Plan. The consultant will be supported by PROMER's Gender Focal Person.

Land Tenure.

92. The additional financing for PROMER under Component 1.2 has included a substantial amount destined to supporting a land certification process, that should be undertaken for members of the FOs in 15 districts, with the goal of producing a land register that will guarantee and reflect ownership over land. This furthermore representing the Project's will to support MITADER in its country wide program Terra Segura, that seeks to issue 5 million land certificates (DUATs).

93. In virtue of this engagement a support mission was held in November (19-21) 2015 with the PROMER PMC of Block B and the SP OIKOS, in Cabo Delgado, with visits conducted in three specific associations: the União Distrital de Chiùre in the Chiure district, the Associação 3 de Fevereiro and Associação 19 de Outubro, both located in the district of Ancuabe. Preliminary results showed scattered knowledge in regard to the process of obtaining a land certificate, and highlighted the fact of many associations that successfully managed to delimit their land were assisted in all procedures by other organizations such as the Iniciativa Para Terras Comunitarias (ITC).

94. Following up on the above mission the PROMER team has been engaging in meeting with relevant organizations currently working on land issues, and has also initiated an internal stock take of the FOs and individual farmers that have already obtain a land certificate or community delimitation. Preliminary results are expected to be available in the upcoming period.

95. The mission registers a strong need to clearly strategize the operationalization of the land certification process, that should be accompanied first of all by a sound data collection of those already holding a certificate, and a mapping of the other entities currently working on assuring land certificates in the 15 District targeted by PROMER. Also, further reflection should be given on whether this process should be outsourced to an additional or currently contracted SP, or should rather be based on creating partnerships with other organizations already working on this activity in the areas and FOs interested by PROMER. This added to the fact that this line of work will have to address the question of focusing of individual certificates or working more in the direction of assuring community delimitation certificates to the FOs involved first.

96. Last, the necessity to downstream the information about Terra Segura and the DUAT process to FOs, communities and District officials (of SDAE and SDPI, based on who is responsible in the specific district) is seen as topical to the success of this component. Communities have shown a very strong desire towards the obtainment of DUATs, as showcased in almost all field visits of the mission, but still appear confused on the procedures and costs associated. Hence a strong capacity building and training may be necessary in order to guarantee the sustainability of this knowledge in the long term. In addition, as mentioned in other components too, the possibility of mapping the communities targeted and the parcels of land registered will be an additional positive element the Project's land certification work.

Climate Change.

97. The PROMER PMT will participate in a training on Climate Change Adaptation through the collaboration of the Red Cross Climate Centre. This training has the objective of mainstreaming and enhancing climate change planning and adaptation skills of all staff members.

Agreed action	Responsibility	Agreed date
Finalize (by incorporating the mission's inputs) and disseminate the Gender Evaluation and Action Plan	Gender Focal Person	By end August 2016
IFAD to share gender, youth and targeting materials	IFAD	September 2016
Recruit a consultant to Gender Training and coaching in line with the Action Plan	PMT	January 2017
Complete stock taking exercise of FOs and individuals holding a land certificate in the PROMER Districts	PMT	September 2016
Finalize PROMER land certification strategy/ mapping	PMT	December 2016

H. Conclusion

98. PROMER is one of the more successful IFAD supported projects in Mozambique. The programme continues to enjoy effective management and positive progress is noticeable in the field and at community level. Communities continue to express enthusiasm for the project. However, the programme needs to explore more with technology and innovations to ease the technology burden affecting women in Agriculture and also make investment in the agriculture value chain more attractive to the youth and emerging entrepreneurs. There have been delays with the release of the Additional Financing due to the need to work out a new Amendment to the Financing Agreement that would not slow down progress. It is anticipated that this will now be resolved and the implementation of outstanding activities can commence with speed. The project will need to also pay attention to generating more KM and learning products. These short stories from the field could be shared with the Ministry and IFAD for publication e.g. through the Ministry's Policy Briefs (a very innovative idea from DNDR) or IFAD poverty portal and blogs. The IFAD Country Office will support these initiatives whenever needed in order to enhance learning and sharing within and outside the country.

99. IFAD and the Government of Mozambique endorse the findings of the supervision mission.

Appendix 1: Project Status Report

Basic Facts

Country	Mozambique	Project ID	1423 [1100001423]	Loan/DSF/Grant FI No.	1000003160
Project	Rural Markets Promotion Programme			Top-up Loan/DSF/Grant FI No.	
Date of Update	30-July-2016				
Supervising Inst.	IFAD				
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	6		
Last Supervision	29-May-2015	Last Implementation Support/Follow-up mission	21-Nov-2014		

USD million Disb. rate %

Approval	11-Sep-2008			Total financing	48.34	
Agreement	17-Sep-2008	Effectiveness lag	7.6	IFAD Total	31.13	
Entry into force	26-Apr-2009	PAR value	-----	IFAD loan	31.13	86.9
First disbursement	20-Jul-2009			DSF grant		
MTR	30-May-2014	Last amendment	29-Jan-2015	IFAD grant		
Original completion	30-Jun-2016	Last audit		Domestic Total	7.31	
Current completion	30-Jun-2018			Beneficiaries	3.05	0
Current closing	31-Dec-2018			National Govern	4.26	21.8
No. of extensions	31-Dec-2018			External Co-financing Total	9.89	
	1			European Union	9.89	55.7

Project Performance Ratings

B.1. Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	4
2. Acceptable disbursement rate	4	3	2. Performance of M&E	4	5
3. Counterpart funds	3	3	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	5	4	4. Gender focus	5	5
5. Compliance with procurement	5	3	5. Poverty focus	4	5
6. Quality and timeliness of audits	6	6	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	5	4
			8. Climate and environment focus	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Developing more dynamic market intermediaries	5	4	1. Institution building (organizations, etc.)	5	5
2. Enterprise-led value chain initiatives	4	4	2. Empowerment	5	5
3. Improving the market environment	5	4	3. Quality of beneficiary participation	4	5
4. Policy Institutional Support and Management	5	5	4. Responsiveness of service providers	4	4

5. Nutrition promotion	5	5	5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

B.5. Justification of ratings

After 7 years of implementation, disbursement has reached a total of 86.9% of the IFAD loan. Execution of the AWPB for 2016 reached 21.5% of IFAD funds in June 2016. For the MDG funds, execution of the budget reached 47.1%. The low execution of IFAD funds was due to the need to postpone some activities due to the uncertainty in regards to when additional funds would be available. PROMER has financed taxes from loan and grant funds, thus violating the financing covenants. GoM has yet to reimburse fully the VAT owed to the project (total is USD 73,409 for the IFAD loan, and EUR 6,122 for the EC grant). Review of Procurement in PROMER cell in Pemba, the IFAD SPCU and ANE (which is responsible for procurement of roads) shows some deficiencies in procurement processes.

Support to Farmers' Organizations is progressing well, including the activities related to literacy training. Service providers for input and output trader support, nutrition and ASCAs are fully working in the 3 implementation blocks and these together with market linkages supported by the Program are bringing positive results and visible impact in project beneficiaries' lives. The rural traders supported by PROMER are increasingly involved in the supply of agricultural inputs and the purchase of farmers' produce through contracts. The farmer organizations and their members are increasing the adoption of Good Agricultural Practices (GAP) allowing them to reduce production costs and increase productivity. The active participation of project beneficiaries in nutrition activities and the resulting impact has been commended by local authorities who have begun disseminating and implementing nutrition best practices in other areas. Due to Program work in ASCAs, savings are now a reality in the FOs supported by the Programme as well as in the FOs' communities. Although there have been delays in the completion of roads and market rehabilitation, it has to be noted that all rehabilitation works together with the technical evaluation for the preparation of the next phase of full rehabilitation with a focus on incorporation of climate change resilience are nearly complete. The positive impact of the dissemination of market information through community radios has prompted other districts without community radios to set up their own radios as a way to benefit from Program support.

The programme has improved its focus on gender and youth, by producing a Gender and Youth Action Plan to be implemented in the next 3 years. The plan's focus will be more than just the participation of women and the youth in Program activities but to ensure that they also benefit fully from the expected Program benefits. The project demonstrates a good ability to introduce innovations from its implementation experience and learning, with the example of this being (i) the change in strategy in roads rehabilitation to incorporate climate resilience aspects, (ii) changes in the FO classification and graduation system to better reflect the FOs capacity to do business as well as their sustainability and (iii) the preparation of an incentive system to maintain the interest of FOs in participating in Program activities. The Program is finalizing its KM plan for the next 3 years as well as the terms of reference for the different monitoring levels to improve the collection of qualitative information as well as the work done together with DNDR in the revision of the Program exist strategy for each of the Program's interventions.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5
C.2 Food security	4	5
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

Overall implementation has accelerated and all components are fully operational. Market linkages and road rehabilitations show evidence of increased economic benefits. Food security is being promoted through the Program's nutritional education component with activities related to horticultural production through vegetable gardens and food processing. Furthermore, the income that farmers obtain from agricultural marketing is also used to not only diversify their diet but reinforce food security. Impact from Program activities is becoming more evident in the lives of its beneficiaries and also there is increased ownership from partner government institutions with their direct involvement in the coordination of program activities. The project is preparing activities to increase climate change awareness among its staff as well as among its beneficiaries. Beneficiary awareness will be through capacity building of FOs as well as through the dissemination of climate change messages through the community radios.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

With implementation underway for all program components, adjustments made to some components that were facing a slow start, more involvement of government partners in the implementation and coordination of Program activities and with visible impact of Program activities, the possibility of reaching the set development objectives is being reinforced. However, the Program needs to (i) accelerate the implementation of Component 2 as a way to create sustainable partnerships with the private sector for the value chain development, (ii) promote improved production technologies and agro-processing to stimulate the increase of production and productivity and the development of agribusinesses, (iii) strengthen the linkages between

associations and district unions and forums supported by the Program, (iv) implement the Action Plan for Gender and Youth Empowerment and (v) disseminate lessons learnt, best practices and Program impacts that are being noted in the lives of its beneficiaries.

C.6 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>	
Fiduciary aspects	Review of procurement of road rehabilitation works showed some deficiencies that must be monitored closely.
Political instability	Current political environment may destabilize activities taking place in block C of PROMER
Climate Change	Increased occurrence of heavy rainfalls and flooding in PROMER districts may have negative impact on infrastructure and agricultural production

Proposed Follow-up			
Issue / Problem	Recommended Action	Timing	Status
Procurement of road rehabilitation works	PROMER to closely monitor procurement of road rehabilitation works.	continuous	

Additional observations

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
Development Goal: To improve livelihoods of poor rural households	<ul style="list-style-type: none"> Increased income of rural households Improvement in asset ownership index of rural households <i>[RIMS indicator]</i> Improved social indicators, including reduction in child malnutrition and enrolment in primary education for both girls and boys <i>[RIMS indicator]</i> Literacy rate, by gender <i>[RIMS indicator]</i> 	<ul style="list-style-type: none"> National Impact Household income and expenditure surveys Programme baseline and Impact surveys National Nutrition survey National and Programme baseline and impact nutrition Surveys. National education statistics National statistics 	<ul style="list-style-type: none"> Political and military stability allow for economic development in the rural areas. No major natural disasters distort economic development in rural areas; Macroeconomic Stability. No major natural disasters affect asset accumulation; Rural electrification expansion stimulates asset accumulation. Beneficiaries adopt practices for good nutrition; Increased income allows for more parents to enroll their children in primary education
Programme Development Objective			
To enable smallholders to increase their agricultural income by marketing surpluses more profitably	<ul style="list-style-type: none"> % change of small farmers income from sales of their produce 	<ul style="list-style-type: none"> Programme baseline, case studies and impact Household income and expenditure surveys 	<ul style="list-style-type: none"> Mozambique continues to pursue sound economic policies and poverty alleviation strategies; The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products; Mining activities do not attract away Programme beneficiaries from the Programme activities (agricultural production).
Outcome 1: Improved smallholder access to and participation in value chain and agricultural markets	<ul style="list-style-type: none"> Change in % of volume of cash crop production by participating farmers in programme area # of value chain activities or agri-business partnerships operating after 3 years 	<ul style="list-style-type: none"> Programme baseline and impact surveys, Programme progress reports 	<ul style="list-style-type: none"> The terms of trade for smallholders remain favorable and increases their returns for the crops and other agricultural products. No major natural disasters distort economic

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs 1.1 Increased capacity of farmers' associations and traders to effectively market surplus production 1.2 Stronger institutions effectively representing farmers' interests at national and local level	<ul style="list-style-type: none"> Nr of higher level farmer organizations at district level supported by the programme supporting their members in marketing activities # of traders active in outputs marketing and # of agro-dealers active in input supply # of people attending literacy classes (disaggregated by gender).) [RIMS] # of Farmers Associations/groups strengthened and functional and # of FO with women in leadership positions [RIMS indicator] # of members of FO trained / coached in organizational development and market linkages, by gender # of farmers and farmer groups accessing technical advisory services facilitated by Programme by gender [RIMS indicator] 	Programme progress reports Programme baseline and progress reports Programme progress reports	<ul style="list-style-type: none"> development in rural areas. Market demand and prices remain favourable for major crops in selected value chains to stimulate production. Existence and interest of Value Chain leaders to engage in partnerships. Willingness of farmers in participating in value chain partnerships. PROMER will find enough Farmers' Unions which meet the PROMER selection criteria for them to be Programme beneficiaries. The Programme will find enough traders who fit the PROMER eligibility criteria to be supported by the Programme. Beneficiaries are interested in participating in attending literacy classes. Farmer Organizations keep the same membership numbers.
Outcome 2: More efficient market intermediaries and more effective partnerships stimulating increases in agricultural production, value addition and volumes marketed	<ul style="list-style-type: none"> % change in number of licensed small and medium traders # of traders and agro dealers serving smallholder clients in the 15 districts of PROMER) % change in volume of trade of agricultural inputs and produce of small and medium traders Farmers reporting production/yield increases by gender [RIMS indicator] # of farmers associations and traders "graduate" or # achieving level A and B status Change in the number of small scale value addition Programmes undertaken by farmer 	<ul style="list-style-type: none"> Programme baseline survey and programme progress reports Programme baseline survey and Programme impact assessments Programme progress reports and graduation reports 	<ul style="list-style-type: none"> Availability of inputs, extension services and appropriate technology. Farmers are willing to adopt improved techniques and technologies. The terms of trade for smallholders remain favourable and increases their returns for the crops and other agricultural products Programme beneficiaries have the technical capacity to manage investments made. Marketing and value addition activities through farmer organizations result in higher farm gate prices for smallholders and/or shared profits for members

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	organizations and/or small traders		
Outputs: 2.1 Profitable partnerships between smallholders and agri-business enterprises	<ul style="list-style-type: none"> # of partnerships developed between smallholders and agri-business enterprises # of farmers and farmer organizations participating in agri-business partnerships # of processing facilities established /upgrades [RIMS indicator] 	<ul style="list-style-type: none"> Contracts for development of Value Chain through matching grants Contracts for development of Value Chain through matching grants, Programme progress reports 	<ul style="list-style-type: none"> Agribusiness enterprises have interest to participate and capacity to enter into partnerships with the smallholder farmers. Smallholder farmers have the interest and the capacity to enter into partnerships with agribusiness firms. Contracts are fulfilled by the farmers and the agribusiness firms.
Outcome 3: A mode conducive environment of agricultural market operations	<ul style="list-style-type: none"> # of market facilities/infrastructures operating by PY 9 (by type) % change in number of participating FOs and FO members and traders accessing credit for marketing or production activities % change in the number of active borrowers in supported financial institutions, by gender [RIMS indicator] # of PCR groups formed and operational by PY 9 	<ul style="list-style-type: none"> Programme baseline and progress reports, Financial Institutions records 	<ul style="list-style-type: none"> Larger Policy and institutional environment remains favourable. Availability of complementary investments in market infrastructure and service (particularly production related advisory services and financial services) Beneficiaries are able and have the resources to manage and maintain market facilities. Small-scale traders and farmers associations' parallel and sometimes competitive roles in output marketing do not negatively affect their development. The overlapping roles of small traders and large buyers do not negatively affect their development. Favourable market demand and prices of agricultural inputs and products stimulate the participation of FOs and traders. FIs are interested to invest in agriculture. Low wholesale interest rates will translate into affordable interest rates applied by FIs.

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs: 3.1 Improvement in the quantity and quality of market related infrastructure and services 3.2 Access to finance improved for PROMER target group	<ul style="list-style-type: none"> # and type of market infrastructure/facilities built/rehabilitated (by km of road to closest sale point or size/volume capacity of market infrastructure) [RIMS indicator] # of contractors, road supervisors and district staff trained # of market information radio broadcasts. # PCR groups formed, membership # of PCR members volume of savings “at the end of the cycle” # PCR members accessing a loan from a financial institution 	<ul style="list-style-type: none"> Programme progress reports, Roads completion certificate Radio bulletins, programme progress reports SP and programme progress reports; PCR records 	<ul style="list-style-type: none"> Local government partners carry out infrastructure/facilities maintenance. The Road Sector is willing to carry out a joint capacity building programme with PROMER Contractors, road supervisors and government staff interested in participating in the training programme. Radios do not go bankrupt and their equipment does not breakdown. Financial service institutions will comply with the contracts signed with PROMER. People are interested in joining PCR groups The PCR savings are not robbed or destroyed by fires and other disasters. Financial Institutions are interested in lending money to the PCRs.
Outcome 4: Improve nutritional status of vulnerable groups	<ul style="list-style-type: none"> # of people adopting improved food habits and recommended vegetable garden management practices 		
Outputs 4.1 Increased production of nutritious foods like fruit, vegetables and poultry 4.2 Women and children with improved knowledge in basic nutrition hygiene and health 4.3 Communication for nutrition enhanced	<ul style="list-style-type: none"> # of vegetable gardens by end of programme # of Nutrition classes held in schools # of Nutrition sessions with community radio 	<ul style="list-style-type: none"> Programme progress reports, radio bulletins 	<ul style="list-style-type: none"> Beneficiaries are willing to adopt the new nutritional habits. People are interested in participating in nutrition classes People listen to the radio broadcasts on nutrition.

Appendix 3: Summary of key actions to be taken within agreed timeframes

Ref.	Agreed action	Responsibility	Agreed date
1	Explore possibility of producing more KM and learning products	PMT	Immediate and over the remaining project life
2	Explore avenues to enhance vertical growth of the project with increased complexity in outputs and outcomes	PMT	Immediate and over the remaining project life
3	Develop negotiations with District Development Fund (FDD) to provide selected rural traders preferential credits	DNDR	Immediate & continuous
4	Accelerate support to rural traders to legalize their businesses and assets	PMT/ SPs	Ongoing & continuous
5	Finalize the proposal to provide FOs with incentives	PMT	Oct., 2016
6	Develop selection criteria to support advanced farmers' associations and higher hierarchy level FOs with warehouses, cleaning and agro-processing facilities through matching grants for small-scale value addition using in kind contribution	PMT	Dec., 2016
7	Finalize SIPs Ikuru, Cornelio and Morais	PMT/ SNV	15 Sept., 2016
8	Include necessary information in SIPs and template	PMT/ SNV	31 Aug., 2016
9	Clarify data collection and SIP implementation roles and responsibilities	PMT/ SNV	31 Aug., 2016
10	Procurement checklist	PMT	Sept., 2016
11	Sign an Addendum to the current MOU with ANE	PMT	Sept., 2016
12	Sign MoUs with District authorities and ANE	PMT	Sept., 2016
13	Launch the mapping process of Project activities	PMT	Sept., 2016
14	Hire OPHAVELA to provide training to PMU, PMC and Service providers	PMT	Oct., 2016

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Appendix 3: Summary of key actions to be taken within agreed timeframes

15	Provide training sessions to GAPI/ICC and OIKOS animators	SPs	Oct., 2016
16	Improve linkages with PSP on community radios	SPCU	Sept., 2016
17	Expansion of nutrition activities to be based on use an integrated approach	PMT	Ongoing
18	Recruitment of Nutrition specialist to assist the PMT	PMT	March, 2017
19	Access the relevance and effectiveness of the database and decide if will use it as a management tool	PMT	Nov., 2016
20	Submit a Revised KM plan which includes DNDR activities	PMT	Sept., 2016
21	Lobby in order to assure that PROMER AWPB is reflected at provincial PES	DNDR/ PMT	Nov, 2016
22	Training to SPs, PMCs and IAs on the new M&E templates	PMT	Dec., 2016
23	Reimburse VAT and taxes paid with IFAD/EC fund	DNDR	July, 2016
24	Follow-up on legal case for purchase of motorcycles in Cabo Delgado	PMT	Dec., 2016
25	Monitor Procurement carried out by implementing partners	PMT	Continuous
26	Review ANE procurement in block B and C	IFAD	Dec., 2016
27	Finalize (by incorporating the mission's inputs) and disseminate the Gender Evaluation and Action Plan	Gender Focal Person	End of Aug., 2016
28	IFAD to share gender, youth and targeting materials	IFAD	Sept., 2016
29	Recruit a consultant to Gender Training and coaching in line with the Action Plan	PMT	January, 2016
30	Complete stock taking exercise of FOs and individuals holding a land certificate in the PROMER Districts	PMT	January, 2017
31	Finalize PROMER land certification strategy/ mapping	PMT	Dec., 2016

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/ Sub-component or Output	Indicator	Unit	Period: Jan - Dez 2015			Cumulative Actual	Appraisal Target	
			AWP&B	Actual	%			
Component 1. Developing More Dynamic Market Intermediaries								
Output 1.1 Increased capacity of traders to effectively market surplus production and deliver improved inputs	Study, survey and strategy reports produced	Number	0	3	N/A	3	2	150
	Enterprises accessing non-financial financial services facilitated by the project	Number	0	86	N/A	86	375	23
	Inputs demonstrations held	Number	0	46	N/A	118	1500	8
	Value of input supply guarantees	USD	0	0	N/A	0	300.000	0
	Value of investments and matching grant support	USD	0	0	N/A	0	870.000	0
Output 1.2 Increased capacity of farmers' organizations and their members to effectively market surplus production and conduct profitable transactions	Study, survey and strategy reports produced	Number	3	1	33	4	3	75
	Marketing groups formed/strengthened	Number	0	35	N/A	500	670	75
	People in marketing groups formed/strengthened	Male/Fe male	0	771M; 479F	N/A	8.987M; 9.948F	15.400M; 4.700F	85M; 212F 62M; 279F
	People trained in Functional Adult Literacy	Male/Fe male	0	1.384M; 1537F	N/A	5.371M; 7.403F	8.600M; 2.650F	0
	Value of investments and matching grant support	USD	0	870.000	N/A	0	870.000	7
Output 1.3 Institutions that can more effectively represent farmers' interests	Study, survey and strategy reports produced	Number	0	0	N/A	1	15	125
	Apex organisations formed/strengthened	Number	0	1	N/A	15	12	0
	Workshops/seminars conducted	Number	0	0	N/A	0	54	5

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Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

and deliver relevant support services	Value of investments and matching grant support	USD	0	18.926,22	N/A	18.926,22	400.000	
Component 2. Enterprise-led Value Chain Initiative								
Output 2.1 Improved value chain operations and partnerships between smallholders and agri-business enterprises	2 Study, survey and strategy reports produced	Number	0	0	N/A	1	9	11
	Enterprises accessing financial services facilitated by the project	Number	0	0	N/A	0	5	0
	Enterprises accessing non-financial services facilitated by the project	Number	5	0	0	1	5	20
	Enterprise-producer partnerships established	Number	0	110	N/A	693	5	13860
	Workshops/seminars conducted	Number	6	1	17	1	30	3
	Value of investments and matching grant support	USD	82.500	0	0	250.000	3.750.000	7
Component 3. Improving the Market Environment								
Output 3.1 Improvements in the quantity and quality of market related infrastructure and services	Study, survey and strategy reports produced	Number	0	0	0	1	3	33
	Financial institutions participating in the project	Number	0	0	0	6	17	35
	Workshops/seminars conducted	Number	0	0	0	0	72	0
	Market-related radio broadcasts	Number	528	584	110	1.424	468	304
	People trained in business and entrepreneurship skills	Male/Fe male	0	0	0	0	740M; 260F	0
	Value of investments and matching grant support	USD	0	0	0	234.000	1.304.000	18
	Marketing facilities constructed/rehabilitated	Number	13	6	46	8	19	42
	Roads constructed	Km	159.7	133.7	84	571.7	415	138

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier (as at 30 June 2016)

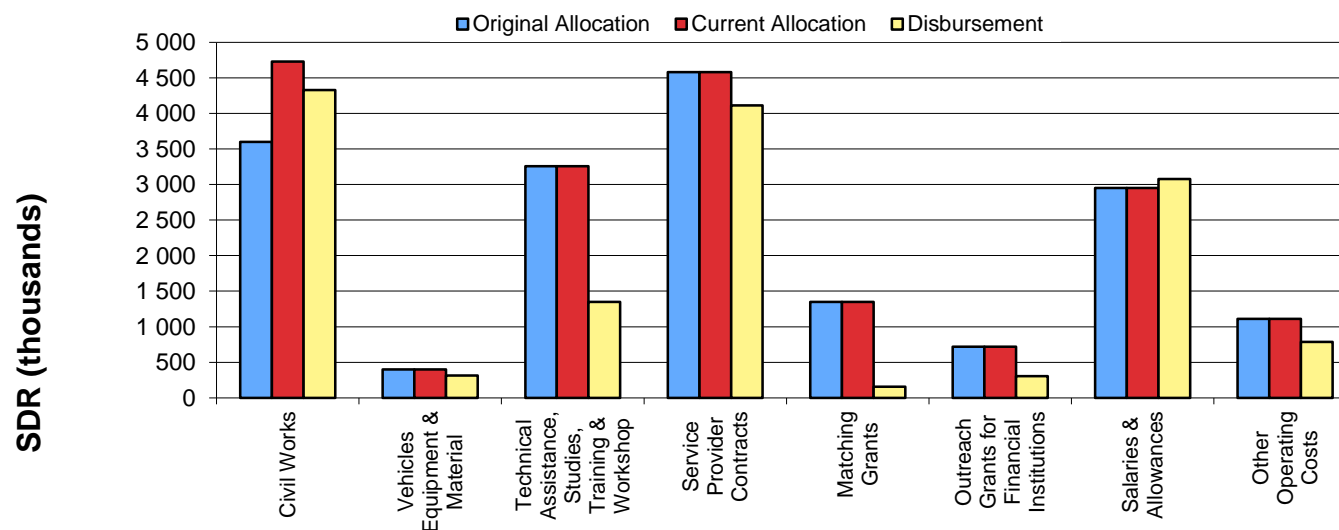
Financier	Approved (US\$ '000)	Current (US\$ '000)	Disbursement (USD '000)	Per cent disbursed
IFAD	31,135,000.0	31,135,000.0	25,028,751.0	80%
Agra	3,517,000.0	3,517,000.0	-	0%
EU/MDG	10,524,000.0	10,524,000.0	5,677,394.7	54%
GoM	4,285,000.0	4,285,000.0	934,740.0	22%
Beneficiaries	3,050,000.0	3,050,000.0	-	0%
Total	52,511,000.0	52,511,000.0	31,640,885.7	60%

Table 5B: Financial performance by financier and by component against AWPB (as at 30 June 2016)

Comp	Financiers	IFAD			European Union			Beneficiaries			GoM PROMER			Total		
		Budget (Appraisal)	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
Comp. 1	Development of More Dynamic Market Intermediaries	7,711,500	6,085,856	78.92%	1,942,000	954,687	49.16%	800,000	-	0.00%	1,424,000	-	0.00%	11,877,500	7,040,543	59.3
Comp. 2	Enterprise Led Value Chain Initiative	4,723,500	317,786	6.73%	-	-	0.00%	2,250,000	-	0.00%	278,500	-	0.00%	7,252,000	317,786	4.4
Comp. 3	Improving the Market Environment	9,817,000	7,983,516	81.32%	6,449,000	1,990,254	30.86%	-	-	0.00%	1,628,500	-	0.00%	19,429,016	9,973,770	51.3
Comp. 4	Policy/Institutional Support and Management	8,883,000	7,878,156	88.69%	1,267,000	910,332	71.85%	-	-	0.00%	906,000	-	0.00%	11,056,000	8,788,488	79.5
Comp. 5	Nutrition Promotion	-	-	0.00%	232,000	209,829	90.44%	-	-	0.00%	48,000	0	0.00%	280,000	209,829	74.9
Comp. 6	Implementation Support (DIC)	-	-	0.00%	634,000	220,478	34.78%	-	-	0.00%	223,000	0	0.00%	857,000	220,478	25.7
	Total	31,135,000	22,265,314	71.51%	10,524,000	4,285,580	40.72%	3,050,000	-	0.00%	4,508,000	934,740	20.74%	49,217,000	27,485,634	55.8

Table 5C: IFAD Loan disbursements (SDR as at 30 June 2016)

	Category Description	Original Allocation	Current Allocation	Disbursement	Balance	Per cent disbursed
I	Civil Works	3,600,000	4,730,000	4,327,909.57	402,090	91%
II	Vehicles Equipment & Material	400,000	400,000	314,350.60	85,649	79%
III	Technical Assistance, Studies, Training & Workshop	3,260,000	3,260,000	1,349,553.88	1,910,446	41%
IV	Service Provider Contracts	4,580,000	4,580,000	4,114,683.53	465,316	90%
V	Matching Grants	1,350,000	1,350,000	153,856.01	1,196,144	11%
VI	Outreach Grants for Financial Institutions	720,000	720,000	303,474.05	416,526	42%
VII	Salaries & Allowances	2,950,000	2,950,000	3,076,244.12	-126,244	104%
VIII	Other Operating Costs	1,110,000	1,110,000	785,647.57	324,352	71%
	Unallocated	1,130,000	0	0	0	
	Authorized Allocation- Special Account			2,175,864	-2,175,864	
	Total	19,100,000	19,100,000	16,601,583.06	2,498,417	87%



Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account USD.		Yes	
Section 4.02	GOM to replenish Project Account yearly in advance	31 Dec 2016	No	GOM only refunds tax exemptions upon submission of support documentation
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Continuous	Partially	Some Procurement Processes have deviated from IFAD guidelines
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	Continuous	Yes	Highly depreciable assets (computers and furniture) were not insured. IFAD has agreed with this course of action.
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.	30 June 2016	Yes	
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.	Continuous	Yes	
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments	Continuous	Yes	
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	May 2014	Yes	Yes.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Continuous	No	Programme using IFAD and EU grant funds to finance taxes. Reimbursement of VAT by GoM is behind schedule.